



TATUNG CO., LTD.  
 CONSOLIDATED BALANCE SHEETS  
 As of December 31, 2008 and 2007  
 (Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2008		December 31, 2007		Liabilities and Shareholders' Equity	December 31, 2008		December 31, 2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current Assets</b>	<b>96,578,376</b>	<b>33.97</b>	<b>125,641,957</b>	<b>38.71</b>	<b>Current Liabilities</b>	<b>112,976,273</b>	<b>39.74</b>	<b>117,850,955</b>	<b>36.30</b>
Cash and cash equivalents	31,863,794	11.21	37,135,988	11.44	Short-term loans	35,086,010	12.34	27,460,038	8.46
Financial assets at fair value through profit or loss- current	1,054,281	0.37	2,453,757	0.76	Short-term notes and bills payable	1,148,009	0.40	1,535,353	0.47
Available-for-sale financial assets - current	101,481	0.04	3,323	-	Financial liabilities at fair value through profit or loss- current	623,154	0.22	9,869	0.01
Held-to-maturity financial assets - current	4,607	-	4,607	-	Notes payable	692,251	0.24	145,991	0.04
Derivative financial assets for hedging - current	-	-	8,097	-	Accounts payable	24,217,849	8.52	40,159,329	12.37
Financial assets carried at cost - current	123,205	0.04	327,235	0.10	Accounts payable- affiliates	729,807	0.26	482,301	0.15
Debt investments without active market-current	87,123	0.03	170,294	0.05	Tax payable	322,281	0.11	618,223	0.19
Notes receivable, net	1,421,703	0.50	1,359,590	0.42	Other payables- affiliates	86,496	0.03	51,268	0.02
Notes receivable- affiliates, net	-	-	151,469	0.05	Other payables	12,612,646	4.44	15,464,418	4.76
Accounts receivable, net	19,533,758	6.87	42,348,863	13.05	Advanced receipts	3,916,392	1.38	4,833,050	1.49
Accounts receivable- affiliates, net	3,301,587	1.16	3,030,231	0.93	Current portion of long-term debt	21,534,600	7.58	26,272,651	8.09
Other receivables, net	2,007,585	0.71	4,450,272	1.37	Current portion of bonds payable	11,538,301	4.06	-	-
Other receivables- affiliates, net	3,367,528	1.18	1,886,661	0.58	Other current liabilities	468,477	0.16	818,464	0.25
Inventories, net	26,993,840	9.50	26,822,626	8.26					
Prepayments	3,514,323	1.24	1,949,331	0.60	<b>Long-term Liabilities</b>	<b>52,183,023</b>	<b>18.36</b>	<b>71,914,557</b>	<b>22.16</b>
Noncurrent assets held for sale, net	-	-	1,965,078	0.61	Financial liabilities at fair value through profit or loss- noncurrent	475,388	0.17	2,228,591	0.69
Deferred tax assets-current	112,631	0.04	37,811	0.01	Bonds payable	3,546,006	1.25	6,080,784	1.87
Restricted assets- current	2,283,495	0.80	1,125,784	0.35	Long-term loans	46,547,973	16.37	63,071,513	19.43
Other current assets- others	807,435	0.28	410,940	0.13	Derivative financial liabilities for hedging - noncurrent	26,496	0.01	6,500	-
					Long-term payable	756,460	0.27	510,068	0.16
					Long-term deferred revenue	830,700	0.29	17,101	-
<b>Funds and Investments</b>	<b>15,405,117</b>	<b>5.42</b>	<b>14,053,487</b>	<b>4.34</b>					
Long-term investments accounted for under equity method	13,791,624	4.85	10,126,140	3.12	<b>Reserves</b>	<b>4,416,156</b>	<b>1.55</b>	<b>4,469,215</b>	<b>1.38</b>
Prepayments for long-term investments	215,814	0.08	2,397,546	0.74	Reserve for incremental tax on land revaluation	4,416,156	1.55	4,469,215	1.38
Financial assets at fair value through profit or loss- noncurrent	-	-	40,000	0.01					
Available-for-sale financial assets- noncurrent	346,041	0.12	802,216	0.25	<b>Other Liabilities</b>	<b>11,729,961</b>	<b>4.13</b>	<b>8,393,459</b>	<b>2.59</b>
Derivative financial assets for hedging - noncurrent	-	-	85,183	0.03	Accrued pension liability	6,726,237	2.37	6,739,762	2.08
Financial assets carried at cost- noncurrent	1,013,113	0.36	602,402	0.19	Deposits in	131,058	0.05	135,194	0.04
Debt investments without active market-noncurrent	38,525	0.01	-	-	Deferred tax liabilities-noncurrent	835,662	0.29	1,307,787	0.40
					Deferred credit among affiliates	1,018,341	0.36	228	-
<b>Property, Plant and Equipment</b>	<b>157,862,874</b>	<b>55.54</b>	<b>169,628,300</b>	<b>52.25</b>	Other liabilities- others	3,018,663	1.06	210,488	0.07
<b>Cost</b>					<b>Total Liabilities</b>	<b>181,305,413</b>	<b>63.78</b>	<b>202,628,186</b>	<b>62.43</b>
Land	6,494,869	2.29	5,965,275	1.84					
Buildings	47,379,895	16.67	45,343,356	13.97	<b>Total Shareholders' Equity</b>	<b>102,961,684</b>	<b>36.22</b>	<b>121,934,985</b>	<b>37.57</b>
Machinery and equipment	160,300,205	56.39	159,478,293	49.14	Capital stock	45,495,276	16.01	44,877,758	13.82
Transportation equipment	677,560	0.24	632,706	0.19					
Instrument of equipment	2,451,114	0.86	1,289,920	0.40	Capital reserve				
Leased assets	123,156	0.04	115,724	0.04	Premium on convertible bonds	33,038	0.01	164,471	0.05
Rental assets	578,017	0.20	519,256	0.16	Treasury stock transactions	-	-	37,802	0.01
Leasehold improvements	1,003,152	0.35	757,994	0.23	Long-term investments	12,061,469	4.24	11,781,400	3.63
Miscellaneous equipment	46,393,277	16.32	46,358,417	14.28					
Revaluation increment	19,125,057	6.73	19,084,076	5.88	Retained earnings				
Subtotal	284,526,302	100.09	279,545,017	86.13	Accumulated deficits	(18,537,818)	(6.52)	(11,232,973)	(3.46)
Less: accumulated depreciation	(136,645,869)	(48.07)	(112,126,822)	(34.55)					
Less: accumulated impairment	(153,945)	(0.05)	(520,222)	(0.16)	<b>Adjusting items in shareholder's equity</b>				
Construction in progress	448,727	0.16	308,841	0.10	Cumulative translation adjustment	1,630,404	0.57	869,239	0.27
Prepayment for land and equipments	9,687,659	3.41	2,421,486	0.74	Unrecognized net loss on pension cost	(1,250,673)	(0.42)	(1,020,706)	(0.31)
					Unrealized gain or loss on financial instruments	(1,342,705)	(0.47)	(554,422)	(0.17)
					Unrealized gain or loss on cash flow hedge	(26,011)	(0.01)	711	-
					Unrealized increment of revaluation	222,059	0.08	222,059	0.07
<b>Intangible Assets</b>	<b>6,409,054</b>	<b>2.25</b>	<b>8,033,692</b>	<b>2.48</b>					
Goodwill	860,635	0.30	1,138,692	0.35	Treasury stock	(1,129,832)	(0.40)	(902,257)	(0.28)
Deferred pension cost	1,072,661	0.38	1,453,684	0.45	<b>Total equity attributable to shareholders of the parent</b>	<b>37,200,207</b>	<b>13.09</b>	<b>44,243,082</b>	<b>13.63</b>
Other intangible assets	3,936,813	1.38	5,026,137	1.55					
Land use rights	538,945	0.19	415,179	0.13	Minority interest	65,761,477	23.13	77,691,907	23.94
<b>Other Assets</b>	<b>8,011,676</b>	<b>2.82</b>	<b>7,205,739</b>	<b>2.22</b>					
Refundable deposits	528,378	0.19	627,816	0.19					
Deferred charges	1,179,431	0.41	1,736,740	0.54					
Long-term receivables, net	600,145	0.21	446,531	0.14					
Other assets- others	5,703,722	2.01	4,394,652	1.35					
<b>Total Assets</b>	<b>284,267,097</b>	<b>100.00</b>	<b>324,563,175</b>	<b>100.00</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>284,267,097</b>	<b>100.00</b>	<b>324,563,175</b>	<b>100.00</b>



TATUNG CO., LTD.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
For the Years Ended December 31, 2008 and 2007  
(Expressed in Thousands of New Taiwan Dollars, Except for (Loss) Earnings Per Share)

Contents	January 1 to December 31, 2008			January 1 to December 31, 2007		
	Subtotal	Total	%	Subtotal	Total	%
Operating revenues						
Sales revenues		191,650,944	102.35		231,469,628	101.08
Less: Sales returns	(1,716,318)			(1,064,539)		
Sales allowances	(2,687,904)	(4,404,222)	(2.35)	(1,414,396)	(2,478,935)	(1.08)
Net operating revenues		187,246,722	100.00		228,990,693	100.00
Operating cost		(173,271,224)	(92.54)		(195,486,293)	(85.37)
Gross profit including deferred intercompany profit		13,975,498	7.46		33,504,400	14.63
Realized (unrealized) intercompany profit, net		(453)	-		25	-
Net Gross profit		13,975,045	7.46		33,504,425	14.63
Operating expenses		(25,375,361)	(13.55)		(20,407,237)	(8.91)
Sales and marketing	(10,385,701)			(7,881,085)		
General and administrative	(9,109,386)			(4,742,714)		
Research and development	(5,880,274)			(7,783,438)		
Operating (loss) income		(11,400,316)	(6.09)		13,097,188	5.72
Non-operating income		8,119,437	4.33		7,564,883	3.29
Interest income	816,573			1,032,553		
Investment income accounted for under equity method	-			117,366		
Dividend income	40,303			8,151		
Gain on disposal of property, plant and equipment	2,200,111			68,109		
Gain on disposal of investments	289,682			4,032,921		
Foreign exchange gain	-			1,035,291		
Gain on financial assets at fair value through profit or loss	-			364,979		
Gain on financial liabilities at fair value through profit or loss	2,161,950			-		
Miscellaneous income	2,610,818			905,513		
Non-operating expenses		(14,174,882)	(7.57)		(9,329,644)	(4.07)
Interest expenses	(5,238,684)			(5,947,565)		
Investment loss accounted for under equity method	(1,037,815)			-		
Loss on disposal of property, plant and equipment	(98,924)			(83,952)		
Foreign exchange loss	(619,466)			-		
Loss on disposal of investments	-			(3,779)		
Loss on decline and obsolescence of inventories	(3,145,083)			(444,332)		
Impairment loss	(964,486)			(767,921)		
Loss on financial assets at fair value through profit or loss	(729,783)			-		
Loss on financial liabilities at fair value through profit or loss	-			(108,898)		
Miscellaneous expenses	(2,340,641)			(1,973,197)		
(Loss) income from continuing operating units before income tax		(17,455,761)	(9.32)		11,332,427	4.94
Income tax expense		(514,128)	(0.28)		(853,529)	(0.36)
Consolidated net (loss) income		(17,969,889)	(9.60)		10,478,898	4.58
Attributed to:						
Shareholders of the parent		(6,855,073)	(3.66)		3,576,628	1.56
Minority interest		(11,114,816)	(5.93)		6,902,270	3.02
Consolidated net (loss) income		(17,969,889)	(9.60)		10,478,898	4.58
(Loss) earnings per share-basic (in New Taiwan dollars)						
Consolidated net (loss) income		Before Tax	After Tax		Before Tax	After Tax
Minority interest		(3.90)	(4.01)		2.58	2.39
Consolidated net (loss) income attributable to shareholders of the parent		(2.38)	(2.48)		1.76	1.58
(Loss) earnings per share-diluted (in New Taiwan dollars)						
Consolidated net (loss) income		(1.52)	(1.53)		0.82	0.81
Minority interest		(3.90)	(4.01)		2.51	2.32
Consolidated net (loss) income attributable to shareholders of the parent		(2.37)	(2.47)		1.71	1.53
		(1.53)	(1.54)		0.80	0.79



TATUNG CO., LTD.  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 2008 and 2007  
 (Expressed in Thousands of New Taiwan Dollars)

	January 1 to December 31, 2008	January 1 to December 31, 2007
Cash flows from operating activities:		
Consolidated net (loss) income	(17,969,889)	10,478,898
Adjustments to reconcile consolidated net (loss) income to net cash provided by operating activities:		
Effects on foreign exchange	(40,825)	(32,512)
Depreciation	27,342,534	27,091,143
Amortization (including other losses)	2,728,010	2,465,446
Investment loss (income) accounted for under equity method	1,037,815	(117,366)
Discount on bonds payable	1,025,939	-
Gain on disposal of investments	(289,682)	(4,032,921)
Gain on financial liabilities at fair value through profit or loss, net	(2,161,950)	(364,979)
Loss on financial assets at fair value through profit or loss, net	729,783	108,898
Cash dividends received under equity method	403,300	177,688
Gain on disposal of property, plant and equipment	(2,200,111)	(68,109)
Loss on disposal of property, plant and equipment	98,924	83,952
Impairment loss	964,486	767,921
Other loss	508,109	-
Changes in assets and liabilities :		
Financial assets at fair value through profit and loss	(435,718)	(1,430,822)
Derivative financial assets for hedging	-	(37,137)
Notes receivable	(62,113)	205,924
Notes receivable- affiliates	151,469	(151,469)
Accounts receivable	22,815,105	(11,348,037)
Accounts receivable- affiliates	(271,356)	(1,175,142)
Other receivables	2,789,077	(1,680,922)
Other receivables- affiliates	(831,739)	(1,655,555)
Inventories	(171,214)	7,627,240
Transfer of inventory into property, plant and equipment	123,457	-
Prepayments	(1,564,992)	(418,289)
Other current assets	63,610	201,027
Financial liabilities at fair value through profit and loss- current	96,331	781,647
Notes payable	546,260	(251,701)
Accounts payable	(15,941,480)	(6,843,581)
Accounts payable- affiliates	247,506	157,639
Tax payable	(295,942)	331,987
Other payables- affiliates	35,228	(83,515)
Other payables	(2,851,772)	1,822,521
Derivative financial liabilities for hedging	-	(118,698)
Other current liabilities	(349,987)	146,654
Advanced receipts	2,071,556	(21,771)
Reserve for incremental tax on land revaluation	(53,059)	(552,570)
Accrued pension liability	(13,525)	(747,017)
Long-term deferred revenue	530,724	-
Deferred tax assets	(74,820)	73,664
Deferred tax liabilities	(472,125)	487,137
Compensation interest payable	-	92,199
Deferred credit among affiliates	(775,017)	(25)
Other liabilities- others	2,884,930	(1,576,765)
Net cash provided by operating activities	20,366,837	20,392,682
Cash flows from investing activities:		
Increase in restricted assets	(1,157,711)	(168,947)
(Increase) decrease in debt investments without active market	212,047	(170,294)
Increase in available-for-sale financial assets	(1,615,587)	(370,190)
Increase in held-to-maturity financial assets	-	(2,549)
Decrease in financial assets carried at cost	(392,004)	(338,589)
Acquisition of long-term investments accounted for under equity method	(2,925,193)	(3,086,196)
Proceeds from disposal of long-term investments accounted for under equity method	14,707	58,005
Increase in prepayments for long-term investments	(19,921)	(2,397,546)
Proceeds from disposal of property, plant and equipment	2,423,762	663,100
Proceeds from disposal of other assets	35,035	-
Advanced receipts from disposal of plant and equipment	-	3,000,000
Acquisition of property, plant and equipment	(16,510,408)	(11,410,963)
Increase of intangible assets	(247,587)	(5,165,098)
Increase in refundable deposits	99,438	(206,682)
Increase in other assets	(1,309,070)	(761,821)
Decrease (increase) in long-term receivables	406,449	(375,479)
Increase in deferred charges	(1,033,608)	(759,452)
Net cash used in investing activities	(22,019,651)	(21,492,701)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	3,940,962	(1,729,994)
(Decrease) increase in short-term notes and bills payable	(387,344)	410,300
Decrease in long-term loans	(17,339,763)	(20,104,624)
(Decrease) increase in deposits-in	(4,136)	39,874
Increase in long-term payable	249,624	130,395
Issuance of convertible bonds	8,045,000	7,868,626
Decrease in bonds payable	1,355,008	(1,619,933)
Exercise of employees' stock options	385,425	757,212
Minority interest	(815,614)	12,619,738
Net cash used in financing activities	(4,570,838)	(1,628,406)
Effects on initial consolidated of subsidiaries	-	(1,295,085)
Effects on foreign exchange	951,458	(77,367)
Decrease in cash and cash equivalents	(5,272,194)	(4,100,877)
Cash and cash equivalents, at beginning of the period	37,135,988	41,236,865
Cash and cash equivalents, at end of the period	31,863,794	37,135,988
Supplemental disclosures of cash flow information:		
Cash paid for interest	4,077,763	5,765,525
Cash paid for income tax	911,550	442,531
Investing and financing activities not affecting cash flows:		
Current portion of convertible bonds and long-term debt	33,072,901	26,272,651
Conversion of convertible bonds into common stock	701,598	9,587,805
Property, plant and equipment reclassified as noncurrent assets held for sale, net	-	1,965,078